

REMARKS BY
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COMMITTEE
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Thank you, John (Vinter). Good morning. I'd like to welcome you all to the 41st meeting of the Commercial Space Transportation Advisory Committee. I am especially pleased to welcome our 12 newest members to their debut meeting. Sometimes in the government – I know we talked with some of you years ago – it takes a while but we are very pleased that you are here. We are really looking forward to the energy and ideas, and bold, forward-looking leadership you bring to the COMSTAC. You are all exceptional leaders and the industry will benefit greatly from your leadership here.

We have a lot of business on today's agenda, and I expect that some of what is discussed at this meeting will be fodder for future work of the COMSTAC. We will have the great honor this afternoon of hearing from Secretary Norman Y. Mineta, who is no stranger to this audience. He is so enthusiastic about what is going on in this community. I'm especially looking forward to today's briefing on the Commercial Space Transportation Forecasts, and in particular I want to thank Mr. Ethan Haase of ILS and all of our industry members who helped with this report. This is an important tool for AST as we move forward with our activities.

(To members) Inside your folders, we have included copies of the Commercial Space Transportation Forecasts, which you will hear more

about shortly, and AST's Quarterly Launch Report, which includes a special report on U.S. non-federal spaceport infrastructure and investment. The special report highlights non-federal spaceport facilities that are available today and those under development, the amount of public and private investment in those facilities, and the annual operations budgets for those launch sites where available. The report found that to date about \$165 million has been invested in non-federal launch sites throughout the U.S., with additional funding for new developments on the way. The report discusses some of the drivers for that investment, particularly the potentially lucrative market for suborbital space tourism, which will create economic activity and jobs in those regions.

We've also included a copy of the 2005 Federal Aviation Administration National Aviation Research Plan. This plan provides information on the FAA R&D effort, including its program and budget. It describes how research and development helps the FAA meet its near-term goals while preparing the Agency to meet its long-term needs for the air transportation system. The long-term goals have been defined by the Joint Planning and Development Office and we will be hearing from Mr. Bob Pierce, deputy director of that office, later on. Please feel free to submit comments to AST or to the Joint Planning and Development Office

regarding this plan. The cover letter also provides a contact name for submission of comments.

You will also hear briefings from Ms. Ann Ganzer, of the State Department's Office of Defense Trade Controls and Christopher Kundstadter, an expert on the space insurance market. At least one working group expressed interest in looking at the tech transfer problems that affect this industry.

If there is one word I can use to characterize AST's activities since our last meeting in October, it would be "momentum." Something that has momentum is on the move and is going to take some effort to stop. SpaceShipOne winning the X Prize Competition was the spark that set the emerging commercial personal spaceflight industry in motion, and we don't see it stopping anytime soon. In fact, the rise of suborbital space tourism is likely just the beginning, and will drive yet another leap forward – orbital commercial spaceflight.

Since October, the President and Congress laid a framework for some of this momentum through two developments. The President issued a new U.S. Space Transportation Policy, the first update in a decade. The policy emphasizes the importance of using commercial launch capabilities to meet national needs and encourages the U.S. government to take advantage of the

entrepreneurial spirit and innovation that industry offers. I think it is significant that in the national policy there is direction to use commercial.

Congress passed the Commercial Space Launch Amendments Act of 2004 just before Christmas, providing the Department of Transportation with responsibility for commercial human space flight and for creating a new experimental permit for research and development testing of new reusable launch vehicles. I can report progress on both those fronts. I want to give tremendous credit to our staff who have been working these projects – as teams. The teams were led by Ken Wong for Human Space Flight and Randy Repcheck for Experimental Permits.

The Act requires us to issue proposed human space flight regulations by December 2005 and final rules by June 2006. We intend to meet those deadlines. Guidelines for flight crew and space flight participants were issued Feb. 11, 2005, during the annual Commercial Space Transportation Conference here in Washington. We appreciate the helpful comments received from some of you in industry. We're taking these comments into consideration.

I am pleased to announce that we released guidelines for the experimental permit yesterday at the RLV Working Group meeting. Experimental permits will be available for operators of reusable suborbital

rockets to conduct research and development and testing, show compliance with requirements for a launch license, and for crew training prior to obtaining a license. Permits will be granted in a 120-day period, making them easier to obtain than a license and will be modeled to some degree after the Experimental Airworthiness Certificate commonly used in aviation research and development. Another key element of the permit guidelines is that AST has streamlined each prong of our safety strategy for licensing, recognizing the unique needs of experimental flight test. I encourage you to provide us with feedback, as you have done in the past for our guidelines for flight crew and space flight participants.

Our utmost concern is for safety, and these permits as well as launch licenses will only be issued when it is clear the proposed activities will not compromise public health and safety.

These two activities are just a part of our work this year in AST.

- We've made significant progress in our partnership with the Air Force to develop common launch safety standards for operating at federal and non-federal ranges. In March, we held a public meeting to discuss the draft final rule, with excellent participation. I thank you for your contributions and comments

on this rulemaking. I look forward to your comments, due June 1st.

- AST has licensed 171 commercial launches to date, and maintained a perfect safety record. Some of the most recent launches we've licensed and monitored involved the heaviest payloads to date, and some of the most accurate orbital insertions. We are proud of these accomplishments, and you should be very proud, too.
- We are standing up a regulatory regime to issue commercial space transportation safety approvals for critical launch vehicle safety systems and processes.
- And we have instituted for RLV licensing in AST a one-stop shop that draws on the resources of other FAA lines of business.

Our industry has achieved major milestones as well.

- Richard Branson's Virgin Galactic, which plans to operate a fleet of five vehicles starting in 2007 at a price of about \$200,000 per person per flight – rather daunting but it will come down – has already received without any advertising more than 7,000 requests for initial reservations, and as we

have heard about 1,500 down payments. Virgin said last week that they've secured full advance payments from the first 100 passengers to fly on SpaceShipTwo. \$200,000 times 100 is not bad. We're looking forward to the day when that comes down to the price of an SUV – not a BMW SUV, more like a Ford Escape.

- Rocketplane and Aera Corp. have also announced ticket sales.
- Space Adventures reports that its business is taking off worldwide, and that it has received more than \$2 million in deposits for suborbital flights.
- SpaceX was awarded a \$100 million contract by the Air Force for a series of Falcon launches. This week, we received a launch license application from SpaceX.
- XCOR Aerospace received a NASA contract worth up to \$7 million to develop a composite cryogenic tank to hold liquid oxygen. They have already made significant progress toward this technological achievement.
- Lockheed Martin and Boeing announced that they will create a joint venture to consolidate their EELV manufacturing and operations for the Air Force. The new company, which will be

known as United Launch Alliance, is intended to reduce overhead costs and pass those savings on to the government.

- The X Prize Foundation and the state of New Mexico have made major investments to put on the X Prize Cup events, starting this year. During World Space Week, on October 4-9, there will be a series of demonstrations, exhibits and educational events in Las Cruces, NM, that you won't want to miss. This will certainly contribute to the "momentum" we don't want to lose – it's too important!
- Of course, a number of you, including t/Space and Kistler Aerospace, are working toward providing commercial crew and cargo delivery services to NASA in the near future.

Before I close, let me also announce that the FAA will be sponsoring the Second Annual International Aviation Safety Forum on October 20 and 21 at the Westfields Marriott in Chantilly, VA. The theme for the conference is "Working Together to Achieve Greater Safety." AST will be participate in this conference and we hope you will, too. We invite you to attend this very important conference that provides an excellent opportunity to showcase our safety successes and future safety challenges as we expand

the trajectory of commercial space transportation. Your invitation to this conference will be forthcoming.

We are truly excited about these developments, and the momentum this industry has achieved. Change is on the horizon. I hope you can use this forum, the COMSTAC, as an ongoing vehicle for coordination, research, and for bringing industry's issues to the forefront. I believe that the leadership exhibited by each of you in COMSTAC helps AST be more responsive, efficient, and flexible in carrying out our mission to both regulate the industry and encourage, facilitate and promote its growth. However, that doesn't mean we don't want to know how we can do better. We've created a meeting evaluation form that you probably picked up on your way into the meeting this morning. If you haven't, please do take the opportunity to complete the evaluation form and leave it in the box labeled for evaluation forms on the tables just outside this room before you leave. Or you can return them directly to Brenda Parker. We want to make these meetings as productive and useful for you as possible. Thank you for being here today.